



Management Council of the Wyoming Legislature
Wyoming Legislative Service Office
State of Wyoming
Cheyenne, Wyoming

We are pleased to present this report related to our audit of the Statement of Cash Disbursements of the Wyoming Legislative Service Office, State of Wyoming (the “LSO”) for the biennium ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the LSO’s financial and related compliance reporting process.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor’s Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated October 22, 2020. Our audit of the financial statement does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated October 22, 2020 regarding the planned scope and timing of our audit and have discussed with you our identification of significant risks of material misstatement.

Accounting Policies and Practices

- *Accounting Policies and Practices:* Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the LSO are described in Note 1 to the financial statement. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.
- *Adoption of, or Change in, Accounting Policies:* Management has the ultimate responsibility for the appropriateness of the accounting policies used by the LSO. The LSO did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.
- *Significant or Unusual Transactions:* We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- *Management's Judgments and Accounting Estimates:* Accounting estimates are an integral part of the preparation of financial statement and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. There were no areas where it was necessary for management to form significant accounting estimates in connection with the preparation of the financial statement.
- *Financial Statement Disclosures:* Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the LSO's financial statement relate to:

1. The disclosure of the LSO's commitments and subsequent events in Notes 8 and 9.

The financial statement disclosures are neutral, consistent, and clear.

Audit Adjustments

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the LSO, as well as any adjustments provided by management of the LSO after presenting the original trial balance for audit, are included in the attached representation letter within the *Summary of Recorded Adjustments*.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statement.

Consultation with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

We generally discuss a variety of matters with management each year, including the application of accounting principles and auditing standards and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the LSO's auditors.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

A copy of the audit representation letter between our Firm and the management of the LSO is attached to this letter.

This report is intended solely for the information and use of the Management Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Wyoming Legislative Service Office, State of Wyoming.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming

January 8, 2021

January 8, 2021

McGee, Hearne & Paiz, LLP
P.O. Box 1088
Cheyenne, Wyoming 82003

This representation letter is provided in connection with your audit of the Statement of Cash Disbursements of the Wyoming Legislative Service Office, State of Wyoming (the “LSO”) for the biennium ended June 30, 2020, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement (hereafter “cash basis of accounting”), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statement

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 22, 2020, for the preparation and fair presentation of the financial statement referred to above in accordance with the cash basis of accounting.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with the primary government having accountability for the LSO (the State of Wyoming), have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the cash basis of accounting.
6. All events subsequent to the date of the financial statement, and for which the cash basis of accounting requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known, actual or possible litigation and claims have been accounted for and disclosed in accordance with the cash basis of accounting.
8. We acknowledge our responsibility for the selection and application of accounting policies. In that regard, all accounting policies used by us during the year are deemed appropriate.

9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statement.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of Federal awards during the period of this audit.
11. We have no knowledge of any uncorrected misstatements in the financial statement.

Information Provided

12. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statement such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the LSO from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All cash transactions have been recorded in the accounting records and are reflected in the financial statement.
14. It is our responsibility to establish and maintain internal controls over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
15. We have no knowledge of allegations of fraud or suspected fraud affecting the LSO's financial statement involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statement.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the LSO's financial statement received in communications from employees, former employees, analysts, regulators, short sellers or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statement, and we have not consulted legal counsel concerning litigation or claims.
19. We have disclosed to you the identity of the LSO's related parties and all the related-party relationships and transactions of which we are aware.

20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the LSO's ability to record, process, summarize, and report financial data.
21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
23. The adjustment to the original trial balance presented for audit is included in the *Summary of Recorded Adjustments*. This adjustment is attached as Appendix A.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

24. Is responsible for the preparation and fair presentation of the financial statement in accordance with the applicable financial reporting framework.
25. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the LSO.
26. Has identified and disclosed to the auditor that there were no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statement or other financial data significant to the audit objectives, or other instances that warrant the attention of those charged with governance.
27. Has identified and disclosed to the auditor that there were no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
28. Has identified and disclosed to the auditor that there were no instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statement.
29. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.
30. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
31. Has identified for the auditor all previous audits, attestation engagements and other studies related to the audit objectives.

32. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, as described in the arrangement letter, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING

Matt Obrecht
Director

Kathy Barrett
Fiscal Officer

APPENDIX A

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

**Summary of Recorded Adjustments
June 30, 2020**

Number	Name	Amount
1	Operating Disbursements: Salaries	\$ 2,303
	Operating Disbursements: Travel In-State	1,000
	Operating Disbursements: General Administrative Support	3,423
	2016 Budget Session Appropriations: Technology Project	10,080
	2016 Budget Session Appropriations: Special Contingency	387
	Provided by Client:	
	To record disbursements associated with the 2013 and 2017 budget fiscal years and expended during the biennium ended June 30, 2020.	
		\$ 17,193

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

STATEMENT OF CASH DISBURSEMENTS

**BIENNIUM ENDED
JUNE 30, 2020**

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENT	
Statement of Cash Disbursements	3 and 4
Notes to Financial Statement	5 - 9
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	10 and 11



INDEPENDENT AUDITOR'S REPORT

To the Management Council of the Wyoming Legislature
State of Wyoming
Cheyenne, Wyoming

Report on the Financial Statement

We have audited the accompanying Statement of Cash Disbursements of the Wyoming Legislative Service Office, State of Wyoming (the "LSO") for the biennium ended June 30, 2020, and the related notes to the financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the LSO's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LSO's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the LSO's cash disbursements for the biennium ended June 30, 2020, in accordance with the cash basis of accounting described in Note 1.

Emphasis of Matters

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statement of the LSO is intended to present only the cash disbursements attributable to the Legislative Service Office of the State of Wyoming. It does not purport to, and does not, present fairly the cash disbursements of the State of Wyoming for the biennium ended June 30, 2020 in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of the LSO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LSO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LSO's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 8, 2021

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

STATEMENT OF CASH DISBURSEMENTS

Biennium Ended June 30, 2020

General Appropriation Disbursements:

Salaries	\$ 10,750,749
Employee benefits	3,143,773
Per diems	1,271,619
Dues	460,869
Travel in-state	430,579
General administrative support	380,451
Travel out-of-state	156,001
Telecommunications	44,677
Registrations	37,756
Publications - Digest, Session Laws, Statutes	33,659
Contract services	31,517
Special Projects	4,627
	<hr/>
	16,746,277

Special Appropriation Disbursements:

2016 Budget Session Appropriations

Special Contingency	181,954
Technology Project	24,935
State Treasurers' Investment Conference	10,322
Economic Development Travel	2,507
New Legislator Compensation	107
	<hr/>
	219,825

2017 General Session Appropriations

Joint Task Force on Department of Health Facilities	<hr/>
	12,648

Continued

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

STATEMENT OF CASH DISBURSEMENTS *(Continued)*
Biennium Ended June 30, 2020

<i>2018 Budget Session Appropriations</i>	
Special Contingency (Immediate)	\$ 234,000
Special Contingency	176,008
Technology Project	109,285
Special Session	62,122
Blockchain Task Force	16,366
Select Committee on Coal and Mineral Bankruptcies	14,751
Task Force on University of Wyoming Housing	13,009
Opioid Addiction Task Force	11,265
Government Efficiency Project	10,384
Wyoming's Tomorrow Task Force	9,912
New Legislator Compensation	9,343
Family Medicine Residency Program	7,356
Casper State Office Building Advisory Task Force	4,603
Retirement Income Security Task Force	3,004
Wyoming Museum of Military Vehicles Task Force	350
	<hr/>
	681,758
<i>2019 General Session Appropriations</i>	
Joint Task Force on Department of Health Facilities	20,336
Blockchain Task Force	13,000
Task Force on University of Wyoming Housing	4,486
Educational Attainment Executive Council	2,367
	<hr/>
	40,189
<i>2020 Budget Session Appropriations</i>	
Blockchain Financial, Technology and Digital Innovation	3,928
School Finance Recalibration	1,417
	<hr/>
	5,345
<i>Other Special Appropriations</i>	
Statewide Education Accountability	825,955
Capital Building Rehabilitation and Restoration Account	17,685
LSO Laptop Computers (Revolving Fund)	10
	<hr/>
	843,650
	<hr/>
Total cash disbursements	\$ 18,549,692

See Notes to Financial Statement.

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

NOTES TO FINANCIAL STATEMENT

Note 1. Nature of Operations, Reporting Entity, and Significant Accounting Policies

Nature of operations and reporting entity: The Wyoming Legislative Service Office, State of Wyoming (the “LSO”) was created by an Act of the Forty-First Legislature, Chapter 113, Session Laws of Wyoming 1971. It commenced operations on March 1, 1971. The LSO provides research and bill drafting services for legislative standing or interim committees and for individual legislators, including pre-filing and distribution of proposed legislation prior to legislative sessions; revision and recompilation of the laws of Wyoming; and accounting for all legislative expenditures. LSO staff prepare administrative rule reviews and reports for the Management Council; conduct program evaluations of executive agencies under the direction of the Management Audit Committee; and conduct fiscal studies and budget analyses for the Joint Appropriations Committee and other legislative committees.

The LSO acts as an agency of the legislative branch of the State of Wyoming. The policies, rules, and regulations governing the general operations of the LSO and its relationship to legislative standing committees and individual legislators are made by a Management Council composed of 13 legislators – six members from each House and one member elected at large from the House of which the Chairman of the Management Council is not a member. The Director is employed by, and subject to, the direction of the Management Council. Other employees are employed by the Director with the approval of the Management Council.

Basis of reporting: The financial statement presents only the LSO and is not intended to present the cash disbursements of the State of Wyoming.

A summary of the LSO’s significant accounting policies follows:

Basis of accounting: The financial statement of the LSO has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“U.S. GAAP”). The cash basis of accounting differs from U.S. GAAP primarily because expenses are recorded when paid rather than when incurred. The financial statement presents only cash disbursements.

The cash disbursements of the LSO are accounted for by the State Auditor’s Office of the State of Wyoming in various governmental funds. The funds used by the LSO are as follows:

- Fund 001 – General Fund
- Fund 003 – Capitol Building Rehabilitation and Restoration Account
- Fund 009 – Foundation Program
- Fund 123 – Strategic Investments and Projects Fund
- Fund 489 – LSO Laptop Computers

Budget: Formal budgetary accounting is employed as a management control of the LSO. The budget of the LSO, known as the “Feed Bill”, is introduced in whole or in part in the House of Representatives or the Senate, or both, within five (5) days after the budget session convenes. When a Feed Bill has passed the house of origin, the bill shall be referred to the standing appropriations committee of the opposite house which shall meet, consider, and recommend adoption or modification.

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

NOTES TO FINANCIAL STATEMENT

Note 2. Compensated Absences

Employees earn vacation leave based on their number of years of service and earn sick leave of one day per month. Employees are allowed to carry forward up to 384 hours of vacation leave to the next calendar year. In addition, employees are paid for one-half of accumulated sick leave upon termination of employment with a maximum payout of 480 hours of sick leave. At June 30, 2020, the liability for compensated absences and the related payroll tax liability was \$837,750. This amount is not reflected in the accompanying cash basis financial statement as it is a liability under the accrual basis of accounting.

Note 3. Retirement Commitment – Wyoming Retirement System

Substantially all employees of the LSO are provided with pensions through the Public Employee Pension Plan – a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The authority to establish and amend benefits and contributions rates rests with the Legislature of the State. WRS is granted the authority to administer the Plan by Wyoming State Statutes § 9-3-401 through 432. WRS issues a publicly available financial report that may be requested from the WRS or through the WRS website, which may be accessed at: <http://retirement.state.wy.us/About/Reports?Label=Financial#categories>.

The determination of retirement benefits is dependent upon the employee's initial employment date. Employees who retire at age 60 with at least four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of seven optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of credited service, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. WRS also provides disability and benefits to plan members and their beneficiaries.

Per 9-3-412 and 413 of Wyoming State Statutes, effective July 1, 2019, member and employer contributions were required to be 8.75% and 8.87% of compensation, respectively. Effective September 1, 2018, member and employer contributions were required to be 8.50% and 8.62% of compensation, respectively. Prior to September 1, 2018, the member and employer contribution percentages were 8.25% and 8.37%, respectively. In accordance with 9-3-412(c)(iii) of Wyoming State Statutes, for the years ended June 30, 2020 and 2019, the LSO was required to pay 5.57% of the member's contribution in addition to the employer's contribution. Total contributions to the pension plan from the LSO were \$965,588 for the biennium ended June 30, 2020.

Note 4. Retirement Commitment – Deferred Compensation Plan

The LSO offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, accounted for by the Plan's trustee, is available to all LSO employees, and permits employees to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All compensation and earnings deferred are held in trust or custodial accounts for the exclusive benefit of program participants and their beneficiaries.

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

NOTES TO FINANCIAL STATEMENT

Investments are managed and controlled by the deferred compensation plan's trustee, not the LSO, under various investment options. The employee chooses the investment options and the contribution amount when participating in the deferred compensation plan. These investments and the related liability to the employees are not included in the LSO's financial statement since the deferred compensation plan is managed by the plan's trustee.

Wyoming State Statutes require matching contributions of at least \$20 per month to the plan for each participating employee. Currently, the match established and appropriated by the Legislature for each participating employee is \$20 per month. Contributions made by the LSO to the deferred compensation plan for the biennium ended June 30, 2020 totaled \$16,235.

Note 5. Postemployment Benefits Other Than Pensions ("OPEB") Commitment

Eligible employees of the LSO are provided with OPEB through the State of Wyoming Group Insurance Retiree Health Plan (the "Plan") – a cost-sharing, multiple-employer defined benefit OPEB plan administered by the State of Wyoming Employee Group Insurance ("EGI"). Any employee of a participating employer is eligible for retiree coverage under the Plan at premium rates established by EGI, provided that:

1. The employee had coverage in effect under the Plan for at least one year just prior to retirement; and
2. The employee is eligible to receive a retirement benefit under the Wyoming Retirement System or Teachers Insurance Annuity Association and either:
 - a. Has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the Plan; or
 - b. Has at least 20 years of service credit as an employee of one of the employing entities participating in the Plan.

Retirement eligibility varies under the Wyoming Retirement System. The Public Employees' Pension Plan, which is the Plan applicable to the LSO, requires 25 years of service credit.

The State of Wyoming Legislature has the authority to establish and amend the benefit terms of the Plan. The Plan does not issue a separate report; however, additional Plan information can be obtained from the State of Wyoming's Comprehensive Annual Financial Report, which may be obtained from the State's website at <http://sao.wyo.gov/publications>.

The Plan provides medical and prescription drug benefits for retirees and their dependents through payment of insurance premiums for life. Surviving spouses are allowed to continue coverage after the retiree's death provided they were covered at the time of death. The State finances this program on a pay-as-you-go basis, and there are no assets held in trust for pre-funding the obligations of the Plan. The State of Wyoming Legislature has the authority for establishing and amending the funding policy.

Note 6. Transactions with the State of Wyoming

The LSO pays for services provided by the State of Wyoming for information technology services, communications, postage, vehicle usage, and various other services. The total amount disbursed for these services was \$123,918 for the biennium ended June 30, 2020.

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

NOTES TO FINANCIAL STATEMENT

Note 7. Risk Management

The nature of the LSO's operations makes it susceptible to lawsuits, legal actions, and other judgments. The LSO participates in the State of Wyoming's self-insurance program that was created to handle property, casualty, and liability insurance claims brought against the State of Wyoming. The State of Wyoming generally does not maintain reserves; losses are covered by a combination of appropriations from the State of Wyoming's general fund in the year in which the payment occurs and by assessing State of Wyoming agencies for specific types of claims for the fiscal year. The LSO was not assessed any amount for claims for the biennium ended June 30, 2020.

The LSO's employees participate in the State of Wyoming's group insurance plan. Under this plan, the State of Wyoming co-administers employee medical insurance with a third-party administrator. The State of Wyoming self-insures medical costs and assumes all the risk for claims incurred by plan participants. The LSO does not retain any risk of loss for the life, long-term disability, vision, and dental insurance plans as the insurance providers assume all the risk for claims incurred by the participants. Total group insurance premiums paid by the LSO for the biennium ended June 30, 2020 were \$1,224,213.

The LSO is required to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases. The LSO has also elected to obtain liability coverage for payment of unemployment claims brought against the LSO. Amounts paid to the State of Wyoming for workers' compensation and unemployment insurance during the biennium ended June 30, 2020 were \$81,136 and \$0, respectively.

Note 8. Commitments and Subsequent Event

The LSO has contracts with a consultant to develop and upgrade the LSO's legislative bill management system and to develop a system for casting and counting votes for the House and Senate chambers. The contracts have been extended through June 30, 2022. The contract for the legislative bill management system provides for payment at a rate of \$120/hour. The contract for casting and counting votes is not to exceed \$120,000. For the biennium ended June 30, 2020, the amount expended by the LSO under the contracts was \$280,620.

The LSO has a contract with a consultant to assist the LSO in conducting the recalibration of the Wyoming education resource block grant model. The term of the contract is through June 30, 2022 and provides for payment of up to \$1,434,751. For the biennium ended June 30, 2020, the amount expended by the LSO under the contract was \$773,341.

In August 2020, the LSO entered into a contract with a consultant to conduct a study on information technology funding requests submitted to the Legislature by state agencies. The term of the contract is through March 31, 2021 and provides for payment of up to \$188,485.

**WYOMING LEGISLATIVE SERVICE OFFICE,
STATE OF WYOMING**

NOTES TO FINANCIAL STATEMENT

Note 9. Subsequent Events

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). As a result, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress to assist with the public health and economic impacts of COVID-19. Subsequent to year end, the LSO was awarded CARES Act funding totaling \$560,450 for expenses incurred due to the public health emergency.

In November 2020, the LSO was required to reduce their previously approved 2021-2022 biennial budget as a result of the COVID-19 pandemic and related downturn in the economic conditions of the State of Wyoming. The original amount appropriated to the LSO was reduced by \$2,869,773 to \$20,681,683.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Management Council of the Wyoming Legislature
State of Wyoming
Cheyenne, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Cash Disbursements of the Wyoming Legislative Service Office, State of Wyoming (the "LSO") for the biennium ended June 30, 2020, and the related notes to the financial statement, and have issued our report thereon dated January 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the LSO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the LSO's internal control. Accordingly, we do not express an opinion on the effectiveness of the LSO's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the LSO's financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LSO's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LSO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LSO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming

January 8, 2021